



Chairman's Statement

But Ka Wai Chairman



As a renowned household brandname in Hong Kong, the People's Republic of China (the "PRC") and most Chinese-populated communities worldwide, Wah Yuen Holdings Limited ("Wah Yuen" or "the Group") has continued to embrace its 40 years of heritage and propelled business growth to excel in the global market.

2004 marked a year of stable development for the Group. Well recognized as the leading one-stop packaged food manufacturer, distributor and retailer in Hong Kong and the PRC, Wah Yuen exerted tremendous efforts during the year to consolidate its business in the Hong Kong and PRC markets, while successfully establishing a strong foothold in the Japanese market.

Despite increasing raw material prices and intense market competition, Wah Yuen achieved encouraging growth in turnover, especially for the Hong Kong market. Amidst the backdrop of unfavourable market conditions, the Group introduced numerous innovative products, further strengthened existing sales channels and explored new marketing and promotion methods.

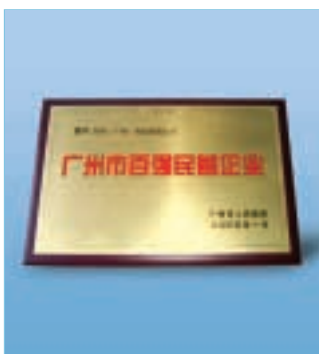




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During the year under review, the Group proactively launched a number of new snack food and convenience frozen food products, which received overwhelming market response, further enhanced its product portfolio and contributed to the Group's impressive sales revenue for the year. Wah Yuen endeavoured to surpass its peers and continued to become the trendsetter for snacks with comprehensive product categories spanning preserved meats, convenience frozen foods, flour products, preserved fruits and nuts and other products.



Wah Yuen also fortified its marketing and promotion efforts while maintaining intimate relationships with major distributors and retail chains. In 2004, the Group took big steps forward by establishing new sales channels for its convenience frozen food products.

With its solid business foundation, prominent product quality and renowned brand awareness, Wah Yuen was accredited as one of the Top 100 Private Enterprises in Guangzhou in 2004, representing recognition of the Group's dedication in extending its reach to the PRC market.

Throughout the years, the Group has always emphasized on impeccable quality, safety and hygiene across all of its production lines. The Group's two production facilities, located in Huadu District, Guangzhou, Guangdong Province in China, have also been granted the internationally recognized HACCP certificate, acknowledging their compliance with the strictest hygiene standards throughout the food production process, from raw materials procurement, processing, packaging to distribution.

In view of Hong Kong's improving economic environment, increasing numbers of Mainland tourists and the benefits brought forth by the PRC's accession to the World Trade Organization, the Group is confident and optimistic about its future business prospects.

Looking ahead, the Group will continue to introduce a variety of new products to enrich its diversified product mix and stay abreast with customers' ever-changing tastes and needs. Meanwhile, the Group will consolidate its market position in Hong Kong, the PRC and Japan and endeavour to capture business potentials to expedite future development and growth.



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On behalf of the Group, I would like to express my profound gratitude to our shareholders for their continued support, to our customers for their unfailing loyalty and to our competent staff and experienced management for their dedication and contribution during the year. Wah Yuen will continue to embrace our commitment to bring forth quality tastes and excitement to our growing customer base worldwide and ensure a prosperous future for greater success!

By Order of the Board

But Ka Wai

Chairman

Hong Kong, 28 April 2005

